

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: :
: Chapter 11
:
W.R. GRACE & CO., et al. : Case No. 01-01139 (JJF)
:
Debtors. : (Jointly Administered)
:
:
:

FOURTH APPLICATION OF THE BLACKSTONE GROUP
L.P. AS FINANCIAL ADVISOR TO THE DEBTORS AND
DEBTORS IN POSSESSION FOR ALLOWANCE OF
COMPENSATION FOR ACTUAL AND NECESSARY SERVICES
RENDERED AND FOR REIMBURSEMENT OF ALL
ACTUAL AND NECESSARY EXPENSES INCURRED
(FOR THE PERIOD SEPTEMBER 1, 2001 THROUGH SEPTEMBER 30, 2001)

SUMMARY SHEET

Name of Applicant: THE BLACKSTONE GROUP L.P.

Authorized to Provide
Professional Services to: Debtors

Date of Retention Order: June 22, 2001, effective April 2, 2001

Period for which
Compensation and
reimbursement is sought: September 1, 2001 – September 30, 2001

Amount of compensation sought as actual, reasonable and necessary:	<u>Total</u> \$175,000.00	<u>Less Holdback (@20%)</u> \$35,000.00
Amount of reimbursement of expenses sought as actual, reasonable and necessary:	\$11,846.09	

This is a x monthly interim final application

Summary Table:

Fee Application, Filing Date	Total Fees Requested	Amount of Holdback (20%)	Net Fees Requested	Total Expenses Requested	Objection Received/Deadline
First 4/2/2001 - 4/30/2001, 7/30/2001	\$169,166.67	\$33,833.33	\$135,333.33	\$0	None
First 5/1/2001 - 5/31/2001, 7/30/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$984.00	None
First 6/1/2001 - 6/30/2001, 7/30/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$6,679.95	None
Second 7/1/2001 - 7/31/2001, 8/27/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$3,504.53	None
Third 8/1/2001 - 08/31/2001, 10/15/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$16,124.84	None
Fourth 9/1/2001 - 09/30/2001,	\$175,000.00	\$35,000.00	\$140,000.00	\$11,846.09	
TOTAL	\$1,044,166.67	\$208,833.33	\$835,333.33	\$39,139.41	

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Debtors.	:	(Jointly Administered)
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FOURTH APPLICATION OF THE BLACKSTONE GROUP
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DEBTORS IN POSSESSION FOR ALLOWANCE OF
COMPENSATION FOR ACTUAL AND NECESSARY SERVICES
RENDERED AND FOR REIMBURSEMENT OF ALL
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(FOR THE PERIOD SEPTEMBER 1, 2001 THROUGH SEPTEMBER 30, 2001)

I. Background

The Blackstone Group L.P. ("Blackstone") respectfully represents as follows:

1. Blackstone is financial advisor to the above-captioned debtors and debtors in possession (collectively, the "Debtors").
2. On April 2, 2001 (the "Petition Date"), the Debtors filed a voluntary petition for reorganization under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code"). The Debtors continue to operate their business and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
3. On April 2, 2001, the Debtors applied to the Court for an order authorizing them to retain Blackstone pursuant to an engagement agreement dated February 15, 2001 (the "Engagement Agreement") as their financial advisor, effective as of the Petition Date.

4. On June 22, 2001, the Court entered an order (the "Retention Order") authorizing the Debtors to employ Blackstone as their financial advisor effective as of the Petition Date pursuant to the terms of the Engagement Agreement.

5. Pursuant to the Order Under 11 U.S.C. §§ 105 (a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members ("Procedures"), Blackstone submits this fourth application (the "Fourth Application") for the monthly period September 1, 2001 through September 30, 2001 (the "Fourth Application Period").

6. Blackstone submits this Fourth Application (i) for allowance of reasonable compensation for actual and necessary professional services by it as financial advisor to the Debtors in these cases for the Fourth Application Period, and (ii) for reimbursement of actual and necessary expenses incurred in representing the Debtors during that same period. This Fourth Application is made pursuant to the provisions of sections 330 and 331 of the Bankruptcy Code, Rule 2016 of the Federal Rules of Bankruptcy Procedure, the Retention Order and Delaware Bankruptcy Local Rule 2016-2.

7. Professional services and expenses for which compensation and reimbursement are sought were rendered and expended on behalf of the Debtors pursuant to chapter 11 of the Bankruptcy Code. Blackstone believes it is appropriate that it be compensated for the time spent and be reimbursed for the expenses incurred in connection with these matters.

8. For the Fourth Application Period, Blackstone has provided professional services to the Debtors and incurred fees for such services totaling \$175,000.00. This represents Blackstone's monthly fee of \$175,000.00 for the period September 1, 2001 through September

30, 2001. For the Fourth Application Period, Blackstone has incurred actual and necessary expenses in connection therewith totaling \$11,846.09. With respect to these specific amounts, Blackstone has received no payments as of the date of the Fourth Application.

9. As was set out in the Application of the Debtors for Entry of an Order Pursuant to 11 U.S.C. §§ 327(a) and 328(a) and Fed. R. Bankr. P. 2014(a), 2016 and 5002 Authorizing the Employment and Retention of the Blackstone Group L.P. as Financial Advisor to the Debtors and Debtors in Possession (the "Retention Application"), Blackstone provided advisory services to the Debtors prior to the Petition Date. Specifically, Blackstone served as financial advisor to the Debtors since February 2001.

II. The Blackstone Engagement

10. On April 2, 2001, the Debtors applied to the Court for an order authorizing them to retain Blackstone pursuant to the Engagement Agreement as their financial advisor effective as of April 2, 2001, the petition date (the "Effective Date"). Specifically, Blackstone was retained as Financial Advisor to provide the following professional services:

- (a) Assist in the evaluation of the Debtors' businesses and prospects;
- (b) Assist in the development of the Debtors' long-term business plan;
- (c) Analyze the Debtors' financial liquidity and financing requirements;
- (d) Assist in the estimation of asbestos claims including the preparation of an estimation model for payments and costs and the analyses of payment and funding scenarios;
- (e) Evaluate the Debtors' debt capacity and alternative capital structures;
- (f) Develop valuation, debt capacity and recovery analyses in connection with developing and negotiating a potential Restructuring;

- (g) Analyze various restructuring scenarios and the potential impact of these scenarios on the value of the Debtor and the recoveries of stakeholders impacted by the Restructuring;
- (h) Develop a negotiating strategy and assist in negotiations with the Debtors' creditors and other interested parties with respect to a potential Restructuring;
- (i) Value securities offered by the Debtor in connection with a Restructuring;
- (j) Make presentations to the Debtors' Board of Directors, creditor groups or other interested parties, as appropriate;
- (k) Provide expert witness testimony, as requested; and,
- (l) Provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a Restructuring, as requested and mutually agreed.

11. Pursuant to the Engagement Agreement, the Debtors agreed to pay Blackstone the following fees in consideration for services to be rendered:

- (a) A monthly advisory fee (the "Monthly Fee") in the amount of \$175,000, with the first payment of such Monthly Fee payable upon the effective date and additional installments of such Monthly Fee payable in advance on monthly anniversaries of the effective date; and
- (b) A \$5,000,000 Restructuring Fee paid upon consummation of a Restructuring (as defined in the Engagement Agreement).

Furthermore, pursuant to the Engagement Agreement, the Debtors agreed to reimburse Blackstone for the reasonable and documented out-of-pocket expenses incurred by Blackstone in rendering the services to be provided under the Engagement Agreement.

12. For financial advisory services provided to the Debtors during the Fourth Application Period, Blackstone respectfully requests (a) approval of \$186,846.09 consisting of (i) monthly fees in the amount of \$175,000.00 and (ii) reimbursement of out-of-pocket expenses in the amount of \$11,846.09; and (b) authorization for the Debtors to pay Blackstone's approved fees and expenses in the amount of \$151,846.09 consisting of (i) monthly fees in the net amount

of \$140,000.00, representing total monthly fees of \$175,000.00, less a 20% holdback pursuant to the interim compensation procedures, and (ii) out-of-pocket expenses referred to in (a) above.

III. The Blackstone Team

13. The financial services set forth above were performed primarily by Pamela Zilly – Senior Managing Director; Richard Shinder – Vice President; David Blechman – Associate; and Michael Alexander – Analyst:

- (a) Pamela Zilly: Pamela Zilly is a Senior Managing Director of Blackstone. Prior to joining Blackstone Ms. Zilly was a Vice President of Chemical Bank where she divided her time between the Mergers and Acquisitions Group and the Restructuring and Reorganization Group. Since joining Blackstone, Ms. Zilly has provided services to debtors and creditors in both formal and informal restructuring engagements.
- (b) Richard Shinder: Richard Shinder is a Vice President of Blackstone. Prior to joining Blackstone Mr. Shinder was a Vice President at Lehman Brothers in its Leveraged Finance group. He has worked on a number of debtor and creditor restructuring engagements since joining Blackstone in 2000.
- (c) David Blechman: David Blechman is an Associate of Blackstone. Mr. Blechman joined Blackstone in 2000 after receiving his M.B.A. with honors from Columbia Business School.
- (d) Michael Alexander: Michael Alexander is an Analyst of Blackstone. Mr. Alexander joined Blackstone in July 1999 after graduating from the McIntire School of Commerce at the University of Virginia.

IV. Summary – Fourth Monthly Fee Application

14. The major services provided by Blackstone during this compensation period have included: (i) assisting with negotiating confidentiality agreements with advisors to the Official Unsecured Creditors' Committee, the Asbestos Property Damages Committee and the Equity Committee; (ii) assisting with the performance of due diligence by these advisors; (iii) assisting the Debtors in the presentation of a business plan; (iv) providing quantitative and qualitative

analysis in support of the Debtors' planned acquisitions; (v) assisting the Debtors with structuring retention and incentive compensation plans in the Chapter 11 proceedings; (vi) participation in a Board of Directors meeting; and (vii) providing general consultation and other bankruptcy and business advice.

15. Blackstone respectfully submits that the compensation requested for the Fourth Application Period for services rendered by Blackstone to the Debtors is fully justified and reasonable based upon (a) the time and labor required during the proceedings, (b) the complexity of the issues presented, (c) the skills necessary to perform the financial advisory services properly, (d) the preclusion of other employment, (e) the customary fees charged to clients in non-bankruptcy situations for similar services rendered, (f) time constraints required by the exigencies of the case, and (g) the experience, reputation and ability of the professionals rendering services.

16. Blackstone respectfully submits that the services it has rendered to the Debtors have been necessary and in the best interests of the Debtors and the estate and have furthered the goals of all parties in interest. Blackstone respectfully submits that under all of the criteria normally examined in Chapter 11 reorganization cases, the compensation requested by Blackstone is reasonable in light of the work performed by Blackstone to date in these cases.

17. The amount of the fees and expenses sought in this Fourth Application and Blackstone's billing processes are consistent with market practices in a bankruptcy context. Blackstone has never billed its clients based on the number of hours expended by its professionals. Accordingly, Blackstone does not have hourly rates for its professionals, and Blackstone's professionals generally do not maintain detailed time records of the work performed for clients. In the Debtors' case, however, Blackstone has recorded time records in

one-half hour increments. Time records of the approximately 139.50 hours expended by Blackstone professionals in providing financial advisory and investment banking services to the Debtors during the Fourth Application Period are provided in Exhibit A by professional.

18. Blackstone respectfully requests allowance of its out-of-pocket expenses incurred during the Fourth Application Period in connection with its performance of services for the Debtors in the aggregate amount of \$11,846.09. Due to the lag in receiving invoices from certain third-party service firms, Blackstone is unable, at this time, to account for all expenses incurred during the Fourth Application Period. Ensuing compensation periods will include certain out-of-pocket expenses incurred in the Fourth Application Period but not included in the Fourth Application for relief. Details of the expenses incurred during the Fourth Application Period are provided in Exhibit B. Blackstone's charges for expenses to the Debtors are determined in the same manner as for clients in non-bankruptcy matters. Out-of-pocket expenses incurred by Blackstone are charged to a client if the expenses are incurred for the client or are otherwise necessary in connection with services rendered for such particular client. Blackstone does not factor general overhead expenses into any disbursements charged to its clients in connection with Chapter 11 cases. Blackstone has followed its general internal policies with respect to out-of-pocket expenses billed to the Debtors as set forth below, with any exceptions specifically explained.

- (a) Blackstone's general policy permits its employees to bill lunch or dinner meals to a client if the employee is required to provide services to the client during such meal-time due to extreme time constraints. Blackstone employees are permitted to order meals in the office if the Blackstone employee is required to work after 8:00 p.m. Blackstone has voluntarily capped meal expenses at \$20.00 per meal.
- (b) Messengers, couriers, or overnight delivery are used by Blackstone to deliver hard copy documents relating to the client matter which require receipt on an expedited basis; otherwise, Blackstone uses the regular postal system. Any

charges for either messengers, couriers, or overnight delivery are billed to a client at cost.

- (c) The outside financial research category consists of charges from outside services which supply, for a fee, financial documents to Blackstone. Financial research services generally consist of the retrieval of financial documents from regulatory agencies.
- (d) Blackstone bills photocopying charges at the rate of \$0.15 per page.
- (e) With respect to local travel, Blackstone's general policy enables employees to travel by private car service or taxi to and from meetings while rendering services to a client on a client related matter, for which the client is charged. This policy is based on Blackstone's determination that travel by private car service or taxi is the most efficient use of a professional's time. Blackstone employees are not permitted to charge personal commuting expenses to a client unless, for safety reasons, the employee is traveling after 8:00 p.m. and has been required to work late as a result of the time exigencies of that client's matters.
- (f) Blackstone bills its clients for time spent by its employees on its word processing system. The word processing system automatically allocates time to a client based upon the operator's "log-in" by a client matter number. Clients are charged at the personnel cost of \$70.00 per hour for the actual amount of time spent by the operator while rendering word processing services to the client; however, when word processing services are being used after normal business hours, the client is not billed for both an overtime charge and a word processing charge.
- (g) Blackstone bills outgoing facsimile charges at a rate of \$1.00 per page. Blackstone does not bill incoming facsimile charges.

19. Blackstone respectfully submits that the expenses for which it seeks allowance during the Fourth Application Period are necessary and reasonable both in scope and amount.

20. No prior application for the relief requested herein has been made.

21. All services for which compensation is requested by Blackstone were performed for and on behalf of the Debtors and not on behalf of any other person or stakeholder.

22. No agreement or understanding exists between Blackstone and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with these proceedings.

23. Blackstone respectfully represents that its Fourth Application is in keeping with similar applications for the payment of administrative expenses in other cases.

Dated: New York, New York
November 12, 2001

THE BLACKSTONE GROUP L.P.
Financial Advisor to
W.R. Grace & Co.

By: Pamela Zilly
Pamela Zilly
Senior Managing Director
345 Park Avenue
New York, NY 10154
(212) 583-5000
(212) 583-5707 (fax)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	
	:	Chapter 11
	:	
W.R GRACE & CO., <u>et al.</u>	:	Case No. 01-01139 (JJF)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	
	:	

AFFIDAVIT

STATE OF NEW YORK)

) ss. :

COUNTY OF NEW YORK)

Pamela Zilly being duly sworn, deposes and says:

1. I am a Senior Managing Director of the firm of The Blackstone Group L.P. (“Blackstone”), which firm maintains offices for providing financial advisory services at 345 Park Avenue, New York, New York 10154. Blackstone is acting as Financial Advisor for the above captioned debtors and debtors in possession (collectively, the “Debtors”) in the captioned case.

2. This affidavit is submitted pursuant to Delaware Bankruptcy Local Rule 2016-2 in connection with Blackstone's Fourth Monthly Fee Application (the “Fourth Application”) for an allowance of compensation for services rendered to the Debtors for the period from September 1, 2001 through September 30, 2001 (the “Fourth Application Period”) in the amount of (i) \$175,000.00 in monthly fees and (ii) the reimbursement of expenses incurred in connection therewith in the sum of \$11,846.09.

3. All of the services for which compensation is sought by Blackstone were performed for and on behalf of the Debtors and not on behalf of any other person or stakeholder.

4. No agreement or understanding exists between Blackstone and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with these cases.

5. I have reviewed and I understand the requirements of Delaware Bankruptcy Local Rule 2016-2 and I believe that this Fourth Application fully complies with all provisions contained in said Order.

By: Pamela D. Zilly
Pamela Zilly
Senior Managing Director

Sworn to before me this
13th day of November 2001

Holly B. Cohen
Notary Public

HOLLY B. COHEN
NOTARY PUBLIC, State of New York
No. 01CO6003607
Qualified in Bronx County
Commission Expires March 9, 2002

EXHIBIT A

**THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS FOR W.R. GRACE AND CO.
SEPTEMBER 1, 2001 - SEPTEMBER 30, 2001**

Professional	Title	Hours
Pamela Zilly	Senior Managing Director	37.5
Richard Shinder	Vice President	35.0
David Blechman	Associate	37.5
Michael Alexander	Analyst	29.5
		<u><u>139.5</u></u>

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
AUGUST 1, 2001 - AUGUST 31, 2001

Professional	Date	Hours	Explanation
Pamela Zilly	09/01/01	2.0	Review materials for presentation to Grace Board re: compensation program
Pamela Zilly	09/02/01	1.5	Review Business Plan presentation for comments
Pamela Zilly	09/04/01	0.5	Call with B. Weitzel re: Board Meeting
Pamela Zilly	09/04/01	2.0	Preparation of materials for participation in Grace Board Meeting
Pamela Zilly	09/04/01	2.5	Attend session of Grace Board Meeting
Pamela Zilly	09/04/01	3.0	Dinner meeting with Grace management and Board of Directors
Pamela Zilly	09/04/01	1.5	Revise Business Plan presentation with S. Farnsworth, D. Blechman
Pamela Zilly	09/05/01	4.0	Attend Business Plan review session with Board
Pamela Zilly	09/05/01	0.5	Follow-up meeting with B. McGowan
Pamela Zilly	09/05/01	0.5	Follow-up meeting with P. Norris
Pamela Zilly	09/05/01	1.0	Read, provided comments re: Project Chi materials
Pamela Zilly	09/05/01	1.5	Various meetings with Grace management re: preparation for 9/7/01 financial advisors meeting
Pamela Zilly	09/06/01	5.0	Attend meeting with Financial advisors
Pamela Zilly	09/07/01	0.5	Call with B. McGowan re: compensation consultant, next steps
Pamela Zilly	09/07/01	0.5	Call with D. Siegel re: business Plan meeting
Pamela Zilly	09/07/01	1.0	Read July monthly operating report
Pamela Zilly	09/10/01	1.0	Review materials re: Project Betty call
Pamela Zilly	09/10/01	1.0	Call with Grace management, R. Shinder and D. Blechman re: project Betty
Pamela Zilly	09/10/01	0.5	Call with K. Coghlan re: acquisitions
Pamela Zilly	09/12/01	0.5	Call with B. Tarola re: due diligence status
Pamela Zilly	09/13/01	1.0	Read motions re: exclusive period; automatic stay; lease rejections
Pamela Zilly	09/14/01	1.0	Discussion with R. Shinder re: Project Chi analysis
Pamela Zilly	09/17/01	1.0	Meeting with R. Shinder, D. Blechman, M. Alexander re: status of restructuring model
Pamela Zilly	09/21/01	0.5	Review P&M outstanding items list, proposed responses
Pamela Zilly	09/21/01	1.5	Call with K. Coghlan, F. Gilbert, B. Tarola, E. Napoli re: P&M due diligence
Pamela Zilly	09/26/01	0.5	Read motions re: case mgt order, settling claims
Pamela Zilly	09/28/01	0.5	Read notice, motions re: Rust Consulting, Gelco Motion
Pamela Zilly		1.0	Read, revise database re: comparable bankruptcy cases
		<u>37.5</u>	

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
AUGUST 1, 2001 - AUGUST 31, 2001

Professional	Date	Hours	Explanation
Richard Shinder	09/02/01	2.0	Reviewed Grace business plan presentation
Richard Shinder	09/03/01	2.0	Reviewed Grace business plan presentation/Project Chi materials/Project Betty background material
Richard Shinder	09/03/01	2.0	Board of Directors' meeting prep - review of compensation committee materials
Richard Shinder	09/04/01	0.5	Discussed Grace presentation with D. Blechman
Richard Shinder	09/04/01	2.0	Worked with S. Farnsworth, K. Coghlan and D. Blechman on Board presentation
Richard Shinder	09/05/01	1.5	Preparation for Board meeting with D. Blechman
Richard Shinder	09/05/01	1.0	Preparation for Business plan presentation
Richard Shinder	09/05/01	1.0	Preparation for Business plan presentation
Richard Shinder	09/06/01	1.0	Business Plan presentation prep meeting
Richard Shinder	09/06/01	6.5	Business Plan presentation meeting with P&M, Conway, Del Genio & Grace senior management (w/P. Zilly & D. Blechman)
Richard Shinder	09/10/01	1.0	Project Betty conference call with P. Zilly and D. Blechman
Richard Shinder	09/10/01	0.5	Call with S. Zelac and B. Dockman re: Project Chi
Richard Shinder	09/14/01	0.5	Call with S. Zelac and B. Dockman re: Project Chi
Richard Shinder	09/14/01	1.0	Discussion with P. Zilly re: project Chi analysis
Richard Shinder	09/17/01	0.5	Call with S. Cunningham and C. Whitney of P&M re: due diligence request list
Richard Shinder	09/17/01	1.0	Meeting with P. Zilly, D. Blechman, M. Alexander re: status of restructuring model
Richard Shinder	09/18/01	2.0	Discussion with Grace management re: P&M information request
Richard Shinder	09/20/01	0.5	Call with F. Gilbert re: P&M follow-up
Richard Shinder	09/24/01	0.5	Call with F. Gilbert re: P&M meetings scheduled for October
Richard Shinder	09/25/01	1.0	Call with S. Zelac and D. Blechman re: Project Chi
Richard Shinder	09/26/01	0.5	Call with G. Boyer re: Project Chi
Richard Shinder	09/26/01	1.0	Call with S. Cunningham re: information request
Richard Shinder	09/26/01	0.5	Call with F. Gilbert re: preparation for 10/10 meeting with P&M
Richard Shinder	09/26/01	0.5	Call with S. Zelac re: Project Chi preparation for call with financial advisors
Richard Shinder	09/26/01	1.0	Worked on fee application
Richard Shinder	09/27/01	0.5	Call with F. Gilbert re: 10/10 meeting with P&M and 11/1 meeting with equity committee
Richard Shinder	09/27/01	1.0	Worked on Project Chi preparation for 10/3 financial advisors' conference call
Richard Shinder	09/27/01	0.5	Call with F. Gilbert re: customer agreement concerns
Richard Shinder	09/27/01	0.5	Worked on confidentiality agreements and equity committee information request
Richard Shinder	09/27/01	0.5	Worked on Grace fee application
Richard Shinder	09/28/01	0.5	Call with S. Cunningham re: Project Chi information request
			35.0

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
AUGUST 1, 2001 - AUGUST 31, 2001

Professional	Date	Hours	Explanation
David Blechman	09/02/01	1.0	Call with S. Farnsworth re: prepared for Board meeting; and prepared package re: same
David Blechman	09/02/01	3.0	Revise analysis of compensation program costs
David Blechman	09/04/01	0.5	Discussed Grace presentation with R. Shinder
David Blechman	09/04/01	2.0	Worked with R. Shinder, S. Farnsworth and K. Coghlan on Board presentation
David Blechman	09/04/01	12.0	Prepared materials for Board meeting
David Blechman	09/05/01	2.0	Prepared materials for Board meeting
David Blechman	09/05/01	1.5	Preparation for Board meeting with R. Shinder
David Blechman	09/05/01	6.0	Prepared materials for Creditors Committee meeting
David Blechman	09/06/01	6.5	Business Plan presentation meeting with P&M, Conway, Del Genio & Grace senior management
David Blechman	09/10/01	1.0	Call with P. Zilly and R. Shinder re: project Betty
David Blechman	09/17/01	1.0	Meeting with R. Shinder, P. Zilly, M. Alexander re: status of financial model
David Blechman	09/29/01	1.0	Prepared fee application

37.5

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
AUGUST 1, 2001 - AUGUST 31, 2001

Professional	Date	Hours	Explanation
Michael Alexander	09/02/01	1.0	Call with S. Farnsworth, D. Blechman re: prepared for Board meetings; and prepared package re: same
Michael Alexander	09/04/01	0.5	Discussed Grace presentation with R. Shinder, D. Blechman
Michael Alexander	09/04/01	2.0	Worked with R. Shinder, D. Blechman, S. Farnsworth and K. Coghlan on Board presentation
Michael Alexander	09/04/01	9.5	Prepared materials for Board meeting
Michael Alexander	09/05/01	1.0	Discussed Board meeting materials with D. Blechman
Michael Alexander	09/05/01	3.0	Prepared materials for Board meeting
Michael Alexander	09/05/01	1.5	Preparation for Board meeting with R. Shinder, D. Blechman
Michael Alexander	09/05/01	4.0	Worked with D. Blechman on preparation of materials for Creditors Committee meeting
Michael Alexander	09/10/01	1.0	Call with P. Zilly, R. Shinder, D. Blechman re: project Betty
Michael Alexander	09/17/01	1.0	Meeting with R. Shinder, D. Blechman, P. Zilly re: financial model
Michael Alexander	09/17/01	1.5	Update bankruptcy journal
Michael Alexander	09/21/01	2.0	Update operating results analysis
Michael Alexander	09/29/01	1.5	Update retention program analysis

29.5

EXHIBIT B

W.R. GRACE
Expense Detail
Processed Through
September 30, 2001
2551-T

Word Processing

Alexander	8/1-31/01	22.17	
Alexander	8/1-31/01	1,139.83	
Blechman	8/1-31/01	129.50	
Blechman	8/1-31/01	298.66	
Blechman	8/1-31/01	1,029.00	
Subtotal - Word Processing			\$ 2,619.16

Airfare

Alexander	07/12/01	251.75	
Shinder	06/25/01	503.50	
Shinder	07/10/01	405.50	
Shinder	07/11/01	191.00	
Shinder	07/11/01	210.00	
Shinder	07/11/01	251.75	
Subtotal - Airfare			1,813.50

Car Services**Company Car**

Document Production	07/31/01	23.46	
Document Production	07/31/01	44.30	
Document Production	08/01/01	65.06	
Document Production	08/01/01	68.78	
Document Production	08/07/01	68.78	
Subtotal - Company Car			270.38

Elite

Alexander	07/17/01	24.47
Blechman	07/10/01	40.00
Blechman	07/25/01	26.50
Blechman	07/26/01	21.41
Blechman	07/27/01	25.49
Blechman	08/01/01	21.41
Blechman	08/08/01	21.41
Blechman	08/15/01	25.49
Shinder	07/31/01	24.47
Shinder	08/06/01	32.11

W.R. GRACE
Expense Detail
Processed Through
September 30, 2001
2551-T

Shinder	08/08/01	24.47	
Shinder	08/10/01	66.27	
Shinder	08/16/01	27.01	
Shinder	08/17/01	37.21	
Zilly	07/25/01	27.52	
Subtotal - Elite			445.24

Skyline

Blechman	08/14/01	32.00	
Subtotal - Skyline			32.00

Subtotal - Car Services			747.62
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Travel/Local

Blechman	07/27/01	24.00	
Blechman	07/27/01	34.00	
Blechman	07/27/01	57.00	
Blechman	08/15/01	12.00	
Blechman	08/16/01	10.00	
Blechman	08/16/01	22.00	
Blechman	08/16/01	31.00	
Blechman	08/17/01	4.00	
Subtotal - Travel/Local			194.00

Other Auto

Alexander	06/27/01	238.00	
Alexander	06/28/01	119.00	
Alexander	07/13/01	401.00	
Blechman	08/16/01	10.50	
Blechman	08/16/01	31.00	
Shinder	07/12/01	(119.00)	
Zilly	07/25/01	401.00	
Zilly	07/26/01	67.00	
Subtotal - Other Auto			1,148.50

Meals

Alexander	05/13/01	20.00	
Alexander	05/18/01	20.00	
Alexander	05/22/01	20.00	

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Alexander	06/05/01	20.00	
Alexander	06/06/01	20.00	
Alexander	06/08/01	20.00	
Alexander	06/12/01	11.50	
Alexander	06/14/01	20.00	
Alexander	06/15/01	20.00	
Alexander	06/16/01	20.00	
Alexander	06/19/01	10.72	
Alexander	07/01/01	15.45	
Alexander	07/05/01	20.00	
Alexander	07/06/01	20.00	
Alexander	07/17/01	13.64	
Blechman	05/16/01	20.00	
Blechman	07/27/01	4.05	
Blechman	08/16/01	2.64	
Document Production	07/17/01	10.98	
Document Production	07/17/01	20.00	
Document Production	07/19/01	14.33	
Shinder	05/17/01	20.00	
Shinder	05/21/01	20.00	
Shinder	06/06/01	20.00	
Shinder	06/12/01	20.00	
Shinder	06/18/01	20.00	
Shinder	06/21/01	20.00	
Shinder	08/01/01	15.26	
Shinder	08/06/01	20.00	
Zilly	07/10/01	8.09	
Zilly	08/13/01	8.20	
Zilly	08/17/01	7.40	
Zilly	09/04/01	86.10	
Zilly	09/04/01	418.73	
Zilly	09/05/01	574.90	
Zilly	09/06/01	692.88	
Subtotal - Meals			2,294.87
 <u>Lodging</u>			
Alexander	06/29/01	240.12	
Shinder	06/27/01	279.04	
Zilly	07/26/01	235.64	
Subtotal - Lodging			754.80

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Communications**Fax**

Bolger	July-01	20.00	
Bolger	Aug-01	295.00	
Subtotal - Fax			315.00

Federal Express

Blechman	09/05/01	18.10	
Subtotal - Federal Express			18.10

Courier - Other

Blechman	08/23/01	14.71	
De Almeida	08/24/01	12.67	
Subtotal - Courier - Other			27.38

Messenger - EDM

Alexander	08/30/01	430.50	
Alexander	09/05/01	18.00	
Subtotal - Messenger - EDM			448.50

Messenger - Other

Alexander	05/17/01	60.50	
Alexander	09/07/01	25.76	
Subtotal - Messenger - Other			86.26

Subtotal - Communications			895.24
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Photocopying

Alexander	5/21-25/01	54.40
Alexander	6/18-22/01	137.60
Blechman	6/25-29/01	45.80
Blechman	6/25-29/01	317.60
Blechman	7/02-06/01	267.20
Blechman	8/20-24/01	21.40
Blechman	8/22-31/01	40.00
Diggs	7/02-06/01	214.00
Diggs	8/22-31/01	60.80
Diggs	9/03-07/01	86.60
Zilly	7/09-13/01	99.40

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Zilly

8/06-10/01

33.60

Subtotal - Photocopying

1,378.40

Total Expenses

\$ 11,846.09